

**Bossier Kids, Inc
Bossier City, Louisiana**

Financial Statements

As of and For the Years Ended June 30, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-28-07

Bossier Kids, Inc.
Bossier City, Louisiana

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities:	
For the Year Ended June 30, 2006	3
For the Year Ended June 30, 2005	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 9
Schedule of Functional Expenses	10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Summary Schedule of Audit Findings	12

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Bossier Kids, Inc.
Bossier City, Louisiana

We have audited the accompanying statements of financial position of Bossier Kids, Inc. (a nonprofit organization) as of June 30, 2006 and 2005, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bossier Kids, Inc. as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2006 on our consideration of Bossier Kids, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Bossier Kids, Inc. taken as a whole. The accompanying schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Cook & Morehart
Certified Public Accountants
December 7, 2006

Bossier Kids, Inc.
Bossier City, Louisiana
Statements of Financial Position
June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,542	\$ 2,960
Revenue receivable	7,879	5,367
Prepaid expenses	<u>2,607</u>	<u>2,232</u>
Total current assets	<u>13,028</u>	<u>10,559</u>
Property and equipment	320,293	317,934
Accumulated depreciation	<u>(154,216)</u>	<u>(145,586)</u>
Net property and equipment	<u>166,077</u>	<u>172,348</u>
Total Assets	<u><u>\$ 179,105</u></u>	<u><u>\$ 182,907</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,184	\$ 1,921
Line of credit	23,300	
Salaries and taxes payable	<u>1,560</u>	<u>2,390</u>
Total current liabilities	<u>27,044</u>	<u>4,311</u>
Net assets:		
Unrestricted:		
Operating	(14,016)	6,248
Fixed assets	<u>166,077</u>	<u>172,348</u>
Total net assets	<u>152,061</u>	<u>178,596</u>
Total Liabilities and Net Assets	<u><u>\$ 179,105</u></u>	<u><u>\$ 182,907</u></u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statement of Activities
 For the Year Ended June 30, 2006

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
State revenue - child care contract	\$ 89,848
Airline Church of Christ donations	24,000
Donations	31,248
Interest income	12
Grant	5,250
Other income	51
Total revenue and other support	<u>150,409</u>
 EXPENSES	
Child care services	134,077
General and administrative expenses	42,867
Total expenses	<u>176,944</u>
 Changes in net assets	(26,535)
 Net assets as of beginning of year	<u>178,596</u>
 Net assets as of end of year	<u><u>\$ 152,061</u></u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statement of Activities
 For the Year Ended June 30, 2005

	<u>Unrestricted</u>
REVENUES AND OTHER SUPPORT	
State revenue - child care contract	\$ 81,300
Airline Church of Christ donations	12,000
Donations	11,097
Interest income	688
Other Income	239
Total revenue and other support	<u>105,324</u>
 EXPENSES	
Child care services	118,170
General and administrative expenses	34,054
Total expenses	<u>152,224</u>
 Changes in net assets	(46,900)
 Net assets as of beginning of year	<u>225,496</u>
 Net assets as of end of year	<u><u>\$ 178,596</u></u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Statements of Cash Flows
 For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Operating Activities		
Changes in net assets	\$ (26,535)	\$ (46,900)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,105	12,182
(Increase) decrease in:		
Contract revenue receivable	(2,512)	4,737
Prepaid expenses	(375)	(1,163)
Increase (decrease) in:		
Accounts payable	263	159
Salaries and taxes payable	(830)	1,331
Net cash (used in) operating activities	<u>(18,884)</u>	<u>(29,654)</u>
Investing Activities		
Purchases of property and equipment	(4,834)	(655)
Collections on notes receivable		<u>15,834</u>
Net cash provided by (used in) investing activities	<u>(4,834)</u>	<u>15,179</u>
Financing Activities		
Proceeds from line of credit	<u>23,300</u>	
Net cash provided by financing activities	<u>23,300</u>	
Net decrease in cash and cash equivalents	(418)	(14,475)
Cash and cash equivalents as of beginning of year	<u>2,960</u>	<u>17,435</u>
Cash and cash equivalents as of end of year	<u>\$ 2,542</u>	<u>\$ 2,960</u>
Supplemental Disclosure:		
Cash paid during the year for interest expense	<u>\$ 740</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2006 and 2005

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Bossier Kids, Inc., is a private nonprofit organization incorporated under the laws of the State of Louisiana. Bossier Kids, Inc. is governed by a Board of Directors serving under the eldership of the Airline Drive Church of Christ of Bossier City, Louisiana.

Bossier Kids, Inc. provides a family environment for needy children whose natural family situation has been temporarily disrupted. They promote the development and maintenance of stable, healthy Christian families to provide for the needs of the child until the natural family situation is resolved or the child is emancipated. The primary sources of funding are from a contract with the State of Louisiana and donations from the Airline Drive Church of Christ.

B. Basis of Accounting

The financial statements of Bossier Kids, Inc. have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Taxes

Bossier Kids, Inc. is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Bossier Kids, Inc.'s tax-exempt purpose is subject to taxation as unrelated business income. Bossier Kids, Inc. had no such income for this audit period.

E. Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method. Bossier Kids, Inc. has adopted a policy to capitalize all items with a unit cost of \$500 or greater.

F. Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as unrestricted support due to the restrictions placed on those funds by the funding sources being met in the same reporting period as the revenue is earned.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2006 and 2005
(Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

G. Retirement Obligations

The employees of Bossier Kids, Inc. are members of the Social Security System. There are no other retirement plans available through Bossier Kids, Inc.

H. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

I. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Bossier Kids considers all unrestricted, highly liquid investments with an initial maturity of six months or less to be cash equivalents.

J. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(2) Revenue Receivable

This amount represents reimbursements billed, but not yet received, from the State of Louisiana Child Care Contract for periods prior to June 30, 2006 and 2005.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2006 and 2005
(Continued)

(3) Property and Equipment

A summary of property and equipment at June 30, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Building Unit #1	\$ 89,600	\$ 89,600
Building Unit #2	86,830	86,830
Building Unit #3	125,752	121,656
Office Furniture and Equipment	10,041	11,123
Other Equipment	4,684	5,339
Storage Building	<u>3,386</u>	<u>3,386</u>
	320,293	317,934
Accumulated Depreciation	<u>(154,216)</u>	<u>(145,586)</u>
Net Property and Equipment	<u>\$ 166,077</u>	<u>\$ 172,348</u>

Depreciation expense for the years ended June 30, 2006 and 2005 were \$11,105 and \$ 12,182 respectively.

(4) Concentrations of Credit Risk

Financial instruments that potentially subject Bossier Kids, Inc., to concentrations of credit risk consist principally of temporary cash investments, and revenue receivable.

Bossier Kids, Inc., maintains its cash balances at a local financial institution. The balances are insured by the FDIC up to \$100,000. At June 30, 2006, total cash balances held at the financial institution was \$4,424 which was insured by FDIC. At June 30, 2005, total cash balances held at the financial institution was \$3,253 which was insured by FDIC.

Concentrations of credit risk with respect to revenue receivable is limited due to the amounts being due from a governmental agency under contractual terms. As of June 30, 2006 and 2005, Bossier Kids, Inc., had no significant concentration of credit risk in relation to revenue receivable.

(5) Contractual Revenue

During the years ended June 30, 2006 and 2005, Bossier Kids received \$89,848 and \$81,300, respectively, in funding from the State of Louisiana, Department of Social Services, Office of Community Services, for the purpose of providing private foster care services. The continued existence of this funding is based upon annual contract renewals.

(6) Related Party Transactions

The Airline Drive Church of Christ provides various goods and services to Bossier Kids at no cost, including office space, use of furniture and equipment, janitorial services, utilities, and various general and administrative expenses. The value of the goods and services received by Bossier Kids has not been determined, and as such, has not been recorded in the accompanying financial statements.

(Continued)

Bossier Kids, Inc.
Bossier City, Louisiana
Notes to Financial Statements
June 30, 2006 and 2005
(Continued)

Bossier Kids, Inc. entered into an unsecured promissory note with a board member, dated October 26, 2005 for \$6,000. This note was paid in full December 3, 2005.

Bossier Kids, Inc. entered into an unsecured promissory note with a board member, dated August 10, 2005 for \$5,000, with four percent interest from date until paid, and all attorney's fees incurred in the collection of this note, or any portion thereof including interest, which fees are hereby fixed at twenty-five per cent on the amount to be collected. Total principal and interest is due and payable on or before one year from date with no payment required until August 10, 2006. The note was paid in full during the year ended June 30, 2006.

(7) Line of Credit

Bossier Kids, Inc. entered into a new line of credit agreement dated December 2, 2005 with an available amount of \$50,000. The interest rate on this line of credit is .5% above prime rate and is secured by property in the name of Bossier Kids, Inc. Monthly payments are due beginning January 2, 2006 with principal due by December 2, 2006. As of June 30, 2006, the outstanding balance is \$23,300.

Bossier Kids, Inc.
 Bossier City, Louisiana
 Schedule of Functional Expenses
 For the Years Ended June 30, 2006 and 2005

	Child Care Expenses	General and Administrative	2006 Total	2005 Total
Personnel	\$ 13,556	\$ 32,025	\$ 45,581	\$ 40,409
Fringe benefits	1,080	2,519	3,599	3,049
Child Care	82,254		82,254	74,630
Repairs and maintenance	5,796		5,796	1,968
Office expense		3,058	3,058	2,396
Utilities	8,820		8,820	6,946
Travel	428		428	736
Insurance	11,624		11,624	7,313
Depreciation	10,519	586	11,105	12,182
Miscellaneous		1,662	1,662	1,319
Professional services		2,000	2,000	1,200
Interest Expense		1,017	1,017	
Loss on Disposal				76
Total expenses	<u>\$ 134,077</u>	<u>\$ 42,867</u>	<u>\$ 176,944</u>	<u>\$ 152,224</u>

COOK & MOREHART

Certified Public Accountants

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA
A. EDWARD BALL, CPA
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA

MEMBER
AMERICAN INSTITUTE
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

To the Board of Directors
Bossier Kids, Inc.
Bossier City, Louisiana

We have audited the financial statements of Bossier Kids, Inc. (a nonprofit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated December 7, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bossier Kids, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bossier Kids, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, and is described in the accompanying schedule of findings as item number 2006-1.

This report is intended solely for the information and use of the Board of Directors, management, and the various funding sources of the Agency and is not intended to be and should not be used by anyone other than these specified parties.



Cook & Morehart
Certified Public Accountants
December 7, 2006

Bossier Kids, Inc.
Bossier City, Louisiana
Summary Schedule of Audit Findings
Schedule for Louisiana Legislative Auditor
June 30, 2006 and 2005

Summary Schedule of Prior Audit Findings

There were no findings or management letter comments for the prior year audit for the year ended June 30, 2005.

Summary Schedule of Current Year Audit Findings

Late Submission of Audit Report

Reference No: 2006-1

Description of Finding: Bossier Kids, Inc. did not submit its audit report for the year ended June 30, 2006 within six months of its year end as required by state law.

Corrective Action Planned: Bossier Kids, Inc. will work with our auditors and submit our report within six months of our year-end as required by state law.